

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE NOLIN RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO CONSTRUCT A NEW)
HEADQUARTERS FACILITY)

CASE NO.
94-356

O R D E R

On September 23, 1994, Nolin Rural Electric Cooperative Corporation ("Nolin") filed an application for authority to construct a new headquarters facility consisting of an approximately 36,500 square foot one-story office building, an 18,000 square foot warehouse building, a 1,300 square foot PCB and grounds maintenance building, and a 37,500 square foot gravel-covered pole storage yard. The total projected cost to construct and furnish the proposed facilities is \$4,500,000 and will be financed by loans of \$1,500,000 from the Rural Utilities Service, \$1,000,000 from the National Rural Utilities Cooperative Finance Corporation, \$700,000 estimated proceeds from the sale of the existing Nolin headquarters property, and \$1,300,000 from general funds. The new headquarters office will be located on Ring Road near the intersection of St. John Road in Elizabethtown, Kentucky.

The National Rural Electric Cooperative Association, a consultant for Nolin, conducted a "Human Resource and Facility Study" to determine the needs of Nolin's system over the next 20 years. The consultant indicated that Nolin's headquarters office has already been extensively modified since it was constructed in 1957

and suffers from scattered, poorly organized, narrow passageways, and crowded work space. The consultant concluded that Nolin would be ill-advised to invest additional funds in the existing structures and recommended constructing new facilities. Nolin has not sent a request for bids to contractors for the construction of the new building because the final drawings have not been completed.

Based on the facility study, Nolin searched for a 20- to 30-acre building site and eventually evaluated 11 sites and two existing buildings. The application describes the potential sites which ranged in total price from \$575,110 to \$2,350,000, and identified their advantages and disadvantages. Nolin purchased a building site of approximately 40 acres for a total price of \$575,110. While the site was 10 acres larger than maximum indicated by the facility study, it was the lowest cost alternative. As Nolin has purchased 10 acres more than is needed for its headquarters facilities, the purchase should be recorded in conformity with the requirements of the Uniform System of Accounts, 7 CFR Part 1767.16 Electric Plant Instructions, (g)7.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the construction of a new headquarters office building and associated facilities is necessary to ensure that adequate space is available for the reasonable expansion of Nolin's staff and equipment necessitated by growth within its system.

IT IS THEREFORE ORDERED that:

1. Nolin be and it hereby is granted a Certificate of Public Convenience and Necessity to construct the new headquarters facilities described in its application.


2. Nolin shall file 20 days before the beginning of construction on the new headquarters facilities a copy of its request for bids sent to contractors, a copy of all bids received, and an explanation of the process used to determine the successful bidder.

Done at Frankfort, Kentucky, this 4th day of August, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director